

## **Session Objective**

IRS will provide a brief overview of the new Tax Exempt and Government Entities Operating Division, profile the market segments, discuss strategic approaches, and taxpayer assistance initiatives. The three distinct groups of TE/GE taxpayers will be defined and the key categories of TE/GE taxpayer needs will be outlined.

## **Moderator and Panelists**

### **Moderator:**

*Susan P. Serota, Winthrop, Stimson, Putnam, & Roberts, New York, NY*

### **Panelists:**

<i>Evelyn Petschek</i>	<i>Commissioner, Tax Exempt and Government Entities Division, Internal Revenue Service</i>
<i>Darlene Berthod</i>	<i>Deputy Commissioner, Tax Exempt and Government Entities Division, Internal Revenue Service</i>
<i>Steve Miller</i>	<i>Director, Exempt Organization, Tax Exempt and Government Organizations Division, Internal Revenue Service</i>
<i>Carol Gold</i>	<i>Director, Employee Plans, Tax Exempt and Government Entities Division, Internal Revenue Service</i>
<i>Ed Weiler</i>	<i>Director, Government Entities, Tax Exempt and Government Entities Division, Internal Revenue Service</i>

### **Discussion Points**

- Implementation is a process not an event. While the TE/GE Division became operational in December 1999, TE/GE will be migrating to its new organizational structure and building new capabilities during 2000.
- The TE/GE organization is structured around three primary customer segments: Employee Plans, Exempt Organizations, and Government Entities. The new structure allows for better customer-focused service. Each customer segment is responsible for understanding the needs of its customers.
- Additionally, the organizational structure provides clear lines of authority and responsibility. Whereas the prior Key District structure included 6 separate reporting lines, the new line authority structure is comprised of a single reporting line in each customer segment. The clear lines of authority enhance TE/GE's ability to achieve improved consistency in the application of policies.

# **MODERNIZATION UPDATE**

## **The New IRS Stands UP**

### **Meet the New IRS**

#### ***Tax Exempt/Government Entities Operating Division***

##### **TE/GE At-a-Glance**

**Mission:** To provide TE/GE customers top quality service by helping them understand and comply with applicable tax laws and to protect the public interest by applying the tax law with integrity and fairness to all.

**Headquarters:** Washington, DC

**Management Team:** Evelyn A. Petschek, Commissioner  
Darlene R. Berthod, Deputy Commissioner  
Carol Gold, Director, EP  
Steve Miller, Director, EO  
Ed Weiler, Director, GE

**Operating Unit Headquarters:**  
Washington, DC; Cincinnati, OH; Baltimore, MD;  
Dallas TX

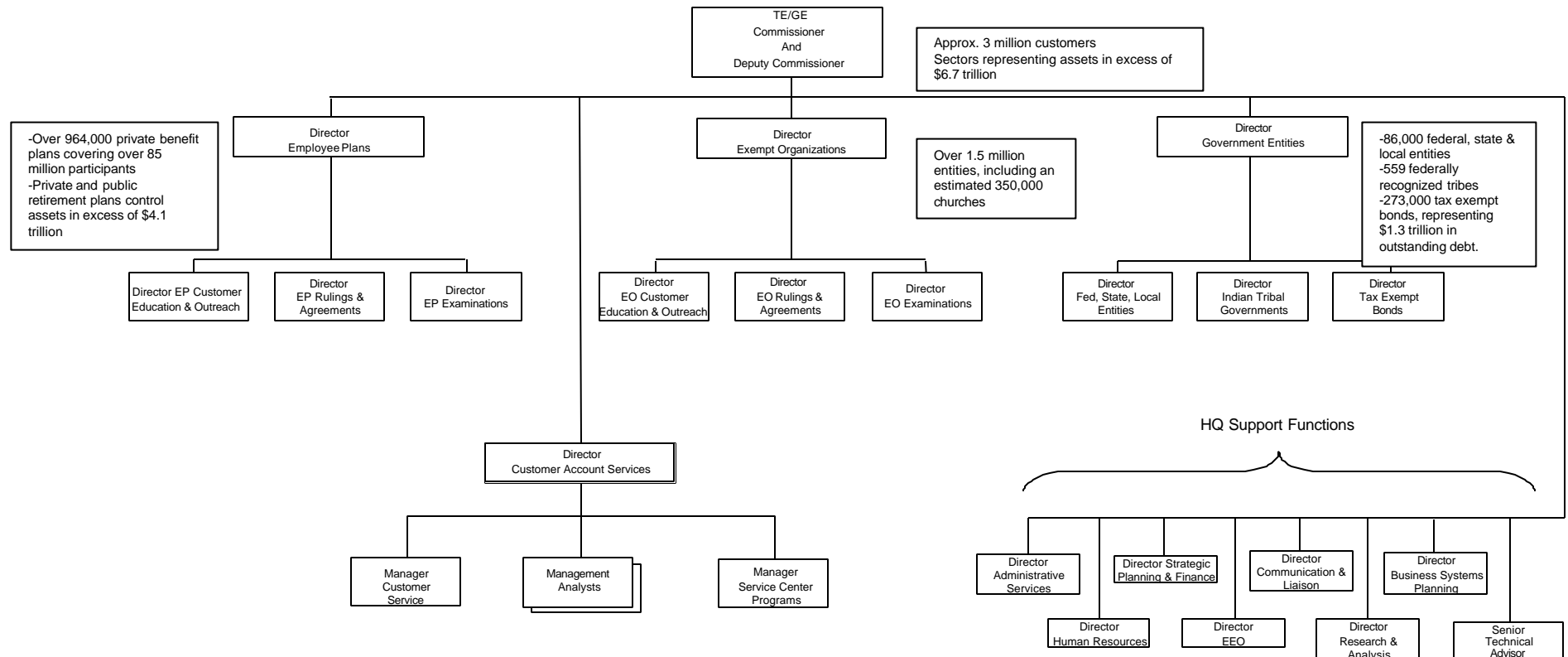
**Field Offices** throughout the nation

**Taxpayer Stats:**

- 2.4 million filers that range from small local community organizations and municipalities to major universities, huge pension funds, state governments, and complex tax exempt bond deals
- Pay more than \$220 billion in employment tax and income tax withholding
- Control \$6.7 trillion in assets
- Employee Plans taxpayers represent private and public retirement plans with \$4.1 trillion in assets
- Exempt Organization taxpayers represent more than 1.5 million tax exempt organizations, including 350,000 religious organizations with \$1.3 trillion in assets
- Government Entities taxpayers include 273,000 outstanding tax exempt bond issuances with a total value of \$1.3 trillion, 86,000 Federal, state, and local entities, and 559 Federally recognized Indian tribes

# Tax Exempt and Government Entities Division

## High-level Organization Chart



## **Meet the New IRS**

### ***Tax Exempt/Government Entities Operating Division***

The Tax Exempt and Government Entities Division was established in late 1999 as part of the Internal Revenue Service's modernization effort. This Division replaces the former Assistant Commissioner (Employee Plans and Exempt Organizations) function, in Washington, DC and around the country, which was established as a result of the Employee Retirement Income Security Act of 1974.

The Division is designed to serve the needs of three very distinct customer segments: Employee Plans, Exempt Organizations, and Government Entities. The customers range from small local community organizations and municipalities to major universities, huge pension funds, state governments, Indian tribal governments and complex tax exempt bond deals. These organizations represent a large economic sector with unique needs and are governed by complex, highly specialized provisions of the tax law. For example, in the employee plans and exempt organizations areas, these provisions are not designed to generate revenue, but rather to ensure that the entities fulfill the policy goals that their tax exemption was designed to achieve. Although generally paying no income tax, this sector does pay over \$220 billion in employment taxes and income tax withholding and controls approximately \$6.7 trillion in assets.

The TE/GE operating division was created to address four basic key customer needs, education and communication, rulings and agreements, examination, and customer account services. Education and communication efforts will focus on helping customers understand their tax responsibilities with outreach programs and activities tailored to their specific needs. Rulings and agreements efforts will provide a strong emphasis on up-front compliance programs, such as the determination, voluntary compliance, and private letter ruling programs. Examination initiatives will identify and address non-compliance, through customized activities within each customer segment, and Customer Account Services will provide taxpayers with efficient tax filings as well as accurate and timely responses to questions and requests for information.

The Commissioner of the Tax Exempt and Government Entities Division is responsible for the uniform interpretation and application of the Federal tax laws on matters pertaining to the

## **Meet the New IRS**

### ***Tax Exempt/Government Entities Operating Division***

Division's customer base. In addition, the Commissioner provides advice and assistance throughout the Service, to the Department of the Treasury, other government agencies, including state governments and Congressional committees, and maintains particularly close liaison with the Department of Labor and the Pension Guaranty Corporation.

The Tax Exempt and Government Entities Division Headquarters is located in Washington, DC. EP and EO field activities are managed through six area offices and GE is centrally managed out of the headquarters office.

### **KEY SUCCESS FACTORS**

- Continuous emphasis on understanding the customer
- End-to-end accountability
- Well-informed employees empowered to make decisions
- Use of technology and technological enhancements to allow Tax Exempt and Government Entities to meet customers' needs
- Open, honest and clear lines of communication
- Quality control over key processes.

### **Key TE/GE Contacts**

Evelyn A. Petschek, Commissioner Darlene R. Berthod, Deputy Commissioner	(202) 622-6710 (202) 622-6873 Fax
Carol Gold, Director, EP	(202) 622-8300 (202) 622-5805 Fax
Steve Miller, Director, EO	(202) 622-8100 (202) 622-5088 Fax
Ed Weiler, Director, GE	TBA
Sarah Hall Ingram, Associate Chief Counsel	(202) 622-6000

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*Tax Exempt/Government Entities Operating Division*

### Tax Exempt and Government Entities

*TE/GE customers fall into three very distinct groups:*

#### **Employee Plans**

##### Retirement plans including:

- Qualified Plans
- Tax-Sheltered Annuities
- Government Deferred Compensation Plans

#### **Exempt Organizations**

##### Exempt organizations including:

- Charities
- Foundations
- Trade Associations
- Labor Unions
- Civic Associations
- Political Action Committees

#### **Government Entities**

##### Government & Bonds including:

- Federal Governments
- State Governments
- Local Governments
- Indian Tribal Governments
- Tax-Exempt Bonds

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***Tax Exempt/Government Entities Operating Division***

**EMPLOYEE PLANS**

Mission: To provide Employee Plans customers top quality service by helping them to understand and comply with applicable tax laws, and to protect the public interest by applying the tax law with integrity and fairness to all.

The Director, Employee Plans, reports to the Commissioner/Deputy Commissioner, Tax Exempt and Government Entities Division, and is responsible for planning, managing, directing and executing nationwide activities for Employee Plans. Employee Plans is commonly abbreviated EP.

The EP activities cover:

- employee plans (including the qualification of pension, annuity, profit-sharing, and stock bonus plans, individual retirement arrangements, simplified employee pensions, saving incentive match plans for employees, tax sheltered annuities and IRC 457 plans) and related trusts
- tax treatment of participants and their beneficiaries
- deductions for employer contributions and procedural and
- administrative provisions with respect to such plans.

Examples of actions EP undertakes to accomplish its mission:

- Develops and implements measures for the EP function that balance customer satisfaction, employee satisfaction and business results.
- Assists EP customers in understanding their tax responsibilities.



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**EXEMPT ORGANIZATIONS**

Mission: To provide Exempt Organizations customers top quality service by helping them to understand and comply with applicable tax laws, and to protect the public interest by applying the tax law with integrity and fairness to all.

The Director, Exempt Organizations, reports to the Commissioner/Deputy Commissioner, Tax Exempt and Government Entities Division, and is responsible for planning, managing, directing and executing nationwide activities for Exempt Organizations. Exempt Organizations is commonly abbreviated EO.

Exempt Organizations include:

- Organizations exempt from income tax under IRC 501 (including private foundations and organizations described in IRC 170(b)(1)(A)(except clause (v))
- Political organizations described in IRC 527
- Organizations described in IRC 4947(a)
- Prepaid legal plans described in IRC 120
- Welfare benefit funds described in IRC 4976.

Examples of actions EO undertakes to accomplish its mission

- Develops and implements measures for the EO function that balance customer satisfaction, employee satisfaction and business results.
- Assists EO customers in understanding their tax responsibilities.
- Coordinates tax administration and enforcement activities with other federal and state agencies.

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**GOVERNMENT ENTITIES**

Mission: To provide Government Entities customers top quality service by helping them to understand and comply with applicable tax laws, and to protect the public interest by applying the tax law with integrity and fairness to all.

The Director, Government Entities, reports to the Commissioner/Deputy Commissioner, Tax Exempt and Government Entities Division, and is responsible for planning, managing, directing and executing nationwide activities for Government Entities. Government Entities is commonly abbreviated GE.

Government Entities include federal, state and local governments, Indian tribal governments, and issuances of tax exempt bonds.

Examples of actions GE undertakes to accomplish its mission:

- Develops and implements measures for the GE function that balance customer satisfaction, employee satisfaction and business results.
- Administers federal tax laws applicable to federal, state and local governments, Indian tribal governments, and issuances of tax exempt bonds through compliance checks and examination of returns.
- Develops the overall GE compliance strategy and goals to enhance compliance consistent with overall TE/GE strategy and implements and evaluates GE examination policies and procedures.